

Message Text

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ACTION EB-07

INFO OCT-01 AF-10 ARA-14 EUR-12 EA-09 NEA-10 IO-14

ISO-00 AGRE-00 COME-00 TRSE-00 CIAE-00 INR-07

NSAE-00 /084 W

-----008487 112052Z /66

R 111707Z JUL 77

FM AMEMBASSY LONDON

TO SECSTATE WASHDC 5979

INFO AMEMBASSY BRUSSELS

AMEMBASSY MANILA

AMEMBASSY TOKYO

AMEMBASSY BANGKOK

AMEMBASSY BRASILIA

AMEMBASSY BUENOS AIRES

AMEMBASSY CAIRO

AMEMBASSY CANBERRA

AMCONSUL DURBAN

AMEMBASSY GEORGETOWN

USMISSION GENEVA

AMEMBASSY GUATEMALA

AMEMBASSY MOSCOW

AMEMBASSY NEW DELHI

AMEMBASSY OTTAWA

AMEMBASSY PARIS

AMEMBASSY PORT LOUIS

AMEMBASSY PRETORIA

AMCONSUL RIO DE JANEIRO

AMEMBASSY SANTO DOMINGO

AMEMBASSY SUVA

AMEMBASSY MBABANE

AMEMBASSY MEXICO

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USOECD

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FOR: EB/TRP - MR. TOM O'DONNELL

E.O. 11652: N/A

TAGS: EPAP, ETRD, ISO

SUBJECT: SUGAR -- U.S. PLAN FOR STOCKHOLDING AND
FINANCING

REF: (A) STATE 157952 (B) STATE 157953

1. EMBASSY COMMODITIES OFFICER DISCUSSED U.S. PLAN WITH TEJENDRA KHANNA, COMMERCIAL COUNSELLOR OF INDIAN HIGH COMMISSION, ON FRIDAY JULY 8 AND LATER WITH HORATIO TABIO YORK, CUBAN EMBASSY, AND SUGAR CONFERENCE CHAIRMAN, JONES-PARRY IN OFFICES OF LATTER. WILL SEE FIJI, MAURITIUS AND SOUTH AFRICAN LONDON REPS AFTERNOON JULY 11 AND JAPANESE REP (KUBOTA) MORNING OF JULY 12. EXPECT SEE SOVIET REP DURING COURSE OF TIN MEETINGS NOW IN SESSION.

2. INDIA. KHANNA'S REACTION WAS ONE OF GREAT INTEREST. HIS INITIAL REACTION WAS QUITE FAVORABLE, THAT U.S. HAD SEEMED TO HAVE MOVED TO TAKE INTO ACCOUNT CONCERNS EXPRESSED IN GENEVA. HE PARTICULARLY LIKED SINGLE STOCK CONCEPT (IN CONTRAST TO EARLIER U.S. DIVISION BETWEEN MINIMUM AND SPECIAL STOCKS) AND DEGREE OF RESPONSIBILITY ASSIGNED IMPORTERS FOR SUGAR STABILIZATION FEE SYSTEM. KHANNA NOTED THAT HE HAD RECENTLY HELD A SERIES OF CONSULTATIONS WITH ASIAN EXPORTER LONDON REPS AND THAT INTEREST HAD FOCUSED ON DEVELOPING A SYSTEM TO COMPENSATE EXPORTERS FOR ANY NET LOSS ENTAILED IN HOLDING STOCKS. HE SAID U.S. PROPOSAL WOULD BE EXAMINED CAREFULLY WITH A VIEW TO SEEING IF ASIAN CONCERNS WOULD BE MET. KHANNA IS SENDING TEXT AND HIS UNCLASSIFIED

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REPORT TO DELHI WITH REQUEST THAT RESPONSE BE SENT BOTH TO LONDON AND THEIR WASHINGTON EMBASSY.

3. KHANNA RAISED FOLLOWING QUESTIONS:

- A) WHAT LIMIT WOULD BE PLACED ON DRAWINGS AGAINST FUND IN SITUATION WHERE PRICES REMAINED IN LOWER END OF RANGE FOR AN EXCEPTIONALLY LONG PERIOD?
- B) HOW WOULD REPAYMENTS BE PHASED?

4. CUBA. TABIO YORK TOOK COPIOUS NOTES BUT AS ANTICIPATED AVOIDED COMMENTS WHICH COULD BE CONSTRUED AS EITHER FAVORABLE OR UNFAVORABLE. JONES-PARRY AND POLITOFF, WHO JOINED CONVERSATION, ASKED MANY QUESTIONS IN ORDER TO MAKE SURE THEY UNDERSTOOD CONCEPT FULLY. TABIO CONFIRMED THAT CUBAN DELEGATION WOULD BE HEADED BY VICE MINISTER CABRISAS. HE GAVE EMBOFF A COPY OF LETTER FROM MINISTER FERNANDEZ TO JONES-PARRY WHICH TOOK ISSUE WITH LATTER'S ATTEMPT TO FOCUS JULY MEETING ON STOCKS AND REPEATED WELL-KNOWN CUBAN POSITION.

5. QUESTIONS ON U.S. PAPER RAISED WERE:

- A) TABIO OBSERVED LDC'S AND DC'S NOW APPEARED TO

HAVE THE SAME STOCKING OBLIGATION. HE ASKED
WHY THE CHANGE IF THIS WERE SO.

B) JONES-PARRY NOTED TRIGGER POINTS WOULD BE OF
PARTICULAR INTEREST; HE ASKED IF REPAYMENTS
WOULD START WHEN QUOTAS REMOVED OR ONLY WHEN
STOCKS RAISED.

6. JONES-PARRY IS HAVING U.S. PAPER TRANSLATED INTO
OFFICIAL LANGUAGES SHOULD U.S. DESIRE TO CIRCULATE
FORMALLY.

BREWSTER

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Message Attributes

Automatic Decaptioning: X
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Channel Indicators: n/a
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Decaption Note:
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Disposition Approved on Date:
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Disposition Comment:
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Executive Order: N/A
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TAGS: EPAP, ETRD, US, ISO
To: STATE USOECD MULTIPLE
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